

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOVELACEVILLE)	
WATER COMPANY FOR A RATE ADJUSTMENT)	
PURSUANT TO THE ALTERNATIVE RATE)	CASE NO. 10409
FILING PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On September 29, 1988, Lovelaceville Water Company ("Lovelaceville") filed an application with the Commission seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$1,529 annually in additional revenues, an increase of 29.3 percent over normalized test-year revenues from water sales of \$5,211.

On November 29, 1988, Commission Staff ("Staff") conducted a field review of Lovelaceville's test-period financial records. Staff issued its report February 6, 1989 containing recommendations for a \$1,483 increase in revenues. Lovelaceville has neither objected to Staff's recommendations nor requested a hearing. No party has requested leave to intervene in this matter.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The recommendations and findings contained in the Staff Report should be adopted as the findings of the Commission in this proceeding.

2. Effective with the date of this Order, the rates in Appendix A, attached and incorporated hereto, are approved inasmuch as said rates are fair, just, and reasonable for Lovelaceville and will produce gross annual revenues from water sales of \$6,694. These rates will allow Lovelaceville sufficient revenues to meet its operating expenses, service its debt, and provide for future growth.

3. The rates proposed by Lovelaceville would produce revenue in excess of that found reasonable herein and should be denied.

4. Concomitant thereto, Lovelaceville's proposed tap fee of \$200 is reasonable and supported by adequate cost justification and should be approved.


5. Lovelaceville did not file specific cost justification for its proposed reconnection charge of \$25; therefore, this charge should be denied.


6. Within 30 days of the date of this Order, Lovelaceville should file with the Commission its revised tariff setting out the rates approved herein.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 6th day of April, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10409 DATED 4/6/89

The following rates and charges are prescribed for the customers in the area served by Lovelaceville Water Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Rate Increments</u>	<u>Rate</u>
First 3,500 gallons	\$10.00 (Minimum Bill)
Over 3,500 gallons	2.00 per 1,000 gallons
<u>Tap Fee</u>	\$200